

Minutes of the
Board of Water and Natural Resources Meeting
Matthew Environmental Education and Training Center
523 East Capitol
Pierre, South Dakota

November 14, 2003
1:00 p.m. CST

At 10:00 a.m. CST the board toured the Mni Wiconi water treatment plant.

CALL MEETING TO ORDER: Chairman Gregg Greenfield called the meeting to order at 1:00 p.m. CST. A quorum was present.

Motion by Greenfield, seconded by Jones, to appoint Don Rounds as temporary secretary. Motion carried.

BOARD MEMBERS PRESENT: Gregg Greenfield, Gene Jones, Don Rounds, and Brad Johnson. Don Bollweg participated via telephone conference call.

BOARD MEMBERS ABSENT: Dale Kennedy and John Loucks.

OTHERS PRESENT: See attached attendance sheets.

APPROVAL OF AGENDA: Jim Feeney pointed out changes to the agenda.

Motion by Johnson, seconded by Jones, to approve the amended agenda. Motion carried.

APPROVAL OF MINUTES: Motion by Johnson, seconded by Jones, to approve the minutes from the September 25-26, 2003, Board of Water and Natural Resources meeting. Motion carried.

Motion by Rounds, seconded by Jones, to approve the minutes from the September 9, 2003, Board of Water and Natural Resources telephone conference call meeting. Motion carried.

PUBLIC HEARING TO AMEND ARSD 74:05:05:17, 74:05:08:03.01, 74:05:08:08, 74:05:08:24, 74:05:11:01, and 74:05:11:06: Chairman Greenfield opened the hearing at 1:05 p.m. CST.

The public hearing was advertised in accordance with applicable rules and regulations.

The purpose of the hearing was to consider amendments to ARSD 74:05:05:17, 74:05:08:03.01, 74:05:08:08, 74:05:08:24, 74:05:11:01, and 74:05:11:06.

Mike Perkovich provided an overview of the proposed amendments.

The revision to 74:05:05:17 moves Loomis Township from Central Plains Water Development District Rural Director Area 4 to Rural Director Area 2. The amendment corrects an oversight that occurred when the director areas for the Central Plains Water Development District were reorganized in June 2003.

The reason for the proposed revision to 74:05:08:03.01 is to use 2000 census data rather than 1990 census data to award priority points for population. This will allow points to be awarded based on the most current census.

The revisions to 74:05:08:08 and 74:05:08:24 will allow the Board of Water and Natural Resources the authority to designate the uses of the administrative expense surcharge for water quality grants. The amendment provides the board more flexibility in the type of projects that can receive water quality grants.

Section 74:05:11:01 is being revised to use median household income data from the 2000 census rather than non-metropolitan median household income data from the 1990 census data to determine affordability criteria and disadvantaged community eligibility on the most current and more readily available median household census data.

Proposed revisions to 74:05:11:06 will 1) adjust the affordability criteria to reflect more recent census data; 2) quantify the criteria for awarding priority points for projects developing new sources of water supply; 3) change the basis for awarding points from having less than a peak day demand to an average day demand; and 4) use 2000 census data rather than 1990 census data to award priority points for population. The reasons for the amendment are to 1) base affordability criteria on the most current household census data; 2) provide consistency when awarding priority points for projects developing new sources of water supply; 3) make the award criteria consistent with loan eligibility criteria; and 4) award points based on the most current census.

Mr. Perkovich reported that the department received no written comments on the proposed amendments.

The Legislative Research Council (LRC) reviewed the proposed amendments for style, form and legality. The changes made by LRC were incorporated into the final rules.

Following Mr. Perkovich's presentation, Chairman Greenfield requested public comments.

No one from the public offered comments on the proposed amendments.

Motion by Johnson, seconded by Jones, to adopt the amendment to ARSD 74:05:05:17, 74:05:08:03.01, 74:05:08:08, 74:05:08:24, 74:05:11:01, and 74:05:11:06 as presented. Motion carried.

Chairman Greenfield declared the hearing closed.

2004 STATE WATER PLAN APPLICATIONS: Water projects that will require state funding or need state support for grant or loan funding must be included on the State Water Facilities Plan (facilities plan). The board annually approves projects to be placed on the facilities plan. Once a project is placed on the plan, it is on for two years. Board approval of projects on the facilities plan is contingent upon attendance at one of the State Water Plan meetings with department staff.

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The board may waive the meeting requirement for projects. Placement on the facilities plan is not a guarantee of funding.

Dave Ryan presented the State Water Plan applications and DENR staff recommendations, which are listed below.

Applicant,	Project	Staff Recommendations And Comments
Aurora-Brule Rural Water System	Water treatment plant improvements	Place on facilities plan. Waive meeting requirement.
B-Y Water Users District	Residual monofill project	Place on facilities plan.
Burke	Water & sewer line replacement project	Place on facilities plan.
Centerville	Water distribution improvements	Place on facilities plan. Waive meeting requirement.
Colton	Wastewater collection and treatment system improvements	Place on facilities plan. Waive meeting requirement.
Corsica	Infrastructure expansion project	Place on facilities plan.
Elk Point	Water system improvements	Place on facilities plan. Waive meeting requirement.
Enemy Swim Sanitary District	Wastewater collection & treatment system	Place on facilities plan.
Fall River Water Users District	Buffalo Gap area expansion	Place on facilities plan. Waive meeting requirement.
Freeman	Water distribution and sanitary sewer improvements	Place on facilities plan.
Green Valley Sanitary District	Wastewater system project	Place on facilities plan. Waive meeting requirement.
Green Valley Sanitary District	Water system project	Place on facilities plan. Waive meeting requirement.
Hill City	Wastewater improvement project	Place on facilities plan. Waive meeting requirement.
Lake Cochrane Sanitary District	Wastewater collection system upgrade	Place on facilities plan. Waive meeting requirement.
Lake Hendricks	New sewer system	Place on facilities plan.
Lake Poinsett Sanitary District	Wastewater treatment/collection system	Place on facilities plan.
Martin	Water system improvements project	Place on facilities plan. Waive meeting requirement.
Nisland	Wastewater stabilization pond project	Place on facilities plan. Waive meeting requirement.
Parkston	Maple Street sewer project	Place on facilities plan.
Perkins County Rural Water System	Construction of the Perkins County Rural Water System	Place on State Water Resources Management System
Platte	Waterline replacement project	Place on facilities plan.
Randall Community Water District	Rural water transmission line construction	Place on facilities plan. Waive meeting requirement.

Rapid Valley Sanitary District	Water treatment plant replacement project	Place on facilities plan. Waive meeting requirement.
Sioux Falls	Drinking water facilities improvements project	Place on facilities plan. Waive meeting requirement.
Sioux Falls	Wastewater facilities improvements project	Place on facilities plan. Waive meeting requirement.
Tyndall	Main Street water main improvement project	Place on facilities plan. Waive meeting requirement.
Union County	Richland Ditch relocation project	Place on facilities plan.
Valley Springs	Sanitary sewer replacement project	Place on facilities plan. Waive meeting requirement.
Waubay	Wastewater improvements Phase I	Place on facilities plan.
Waubay	Water improvements Phase I	Place on facilities plan.
Hecla	Wastewater facilities project	Place on facilities plan on an emergency basis.

Motion by Johnson, seconded by Jones, to accept the staff recommendations for placement of projects on the State Water Facilities Plan. Motion carried.

RAPID CITY DRINKING WATER SRF LOAN APPLICATION: Jason Knapp reported that the city of Rapid City applied for a Drinking Water SRF loan to construct a new water tank and water transmission main at the southwestern edge of the city. The loan will finance the construction of the storage tank, water transmission main, and related appurtenances. The new reservoir will allow peak day storage requirements to be met while eliminating pressure problems within the service area. The service area includes the following subdivisions: Carriage Hills, Westview, Upper Wildwood, Elysian Heights, Red Rock Estates, and North and South Countryside.

Mr. Knapp noted that the proposed project service area is currently experiencing inadequate water pressure because the Highway 16 reservoir does not provide adequate peak day storage requirements. Due the fact that future growth in the area will put greater demands on the Highway 16 reservoir, the only economical and logical solution is to build a new water storage reservoir that will meet peak demands and insure that fire protection flows and emergency demands met.

Dave Ruhnke stated that the city of Rapid City applied for a \$3,500,000 loan at 3.5% interest for 20 years. The city is pledging water revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 431%, which exceeds the 110% requirement.

Staff recommended approval of the loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective, the environmental review process being completed, and contingent upon this SRF loan receiving a parity position with existing debt.

Ted Vore, acting public works director for the city, introduced several other representatives from the city.

Motion by Johnson, seconded by Rounds, to adopt Resolution #2003-91 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$3,500,000 at 3.5% interest for a term of 20 years to the city of Rapid City to construct a new water storage tank and water transmission lines at the southwestern edge of the city, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and permit all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective, the environmental review process being completed, and this SRF loan receiving a parity position with existing debt. Motion carried.

OTHER BUSINESS: Jim Feeney reported that the board has selected Public Financial Management (PFM) and authorized the execution of a contract for financial advisor services for the State Revolving Fund programs. PFM's original work plan did not include the proposed lease/leaseback financing transaction. At a conference call on September 9, the board asked staff to work with PFM regarding the scope of services specific to lease/leaseback transaction issues.

Mr. Feeney distributed copies of Exhibit A, a work plan and Exhibit B, rate schedule. DENR staff worked with Kathy Kardell, PFM, Harold Deering, Bruce Bonjour, and the Municipal Facilities Authority to draft the work plan and rate schedule. Mr. Feeney noted that the proposed contract is not to exceed \$49,000. Administrative surcharge funds will be used to fulfill this contract. EPA Region VIII is supportive of using these funds for advisory services regarding the lease/leaseback transaction.

Mr. Johnson asked how to make cities, besides Aberdeen and Yankton, aware that this is going on and this information is available.

Mr. Feeney answered that if this proves beneficial to Aberdeen and Yankton and the other lease transactions are moving forward, the contract could be amended to address other communities.

Mr. Johnson suggested that DENR send letters to all of the communities explaining that this is available.

Motion by Jones, seconded by Rounds, to authorize the chairman of the Board of Water and Natural Resources to execute the contract with PFM for lease/leaseback transaction advisory services. Motion carried.

PUBLIC HEARINGS TO ADOPT FFY 2004 CLEAN WATER STATE REVOLVING FUND
INTENDED USE PLAN AND DRINKING WATER STATE REVOLVING FUND

INTENDED USE PLAN: Chairman Greenfield opened the hearing.

The purpose of the hearing was to receive public input and adopt the Federal Fiscal Year 2004 Clean Water SRF Intended Use Plan (IUP) and Drinking Water SRF IUP. The intended use plans identify how the funds for each program will be used in the upcoming year. Each IUP includes a Project Priority List. Projects must be included on this list in order to receive an SRF loan.

Clean Water SRF IUP: Mike Perkovich reported that the amount of the 2004 Clean Water SRF Program Capitalization Grant is not known at this time. The IUP was based on the assumption that the allocation will be the same as last year, which was \$6,510,800. This will require \$1,302,160 in matching funds.

Mr. Perkovich noted that \$6,469,383 will be transferred from the Clean Water SRF Program to the Drinking Water SRF Program. This transfer will utilize the remaining capacity of \$1.17 million from the FY 2002 Drinking Water SRF capitalization grant and all of the capacity from the FY 2003 and FY 2004 Drinking Water SRF capitalization grants. This transfer will have no effect on the current year's activities because sufficient funds are available to fund all projects expected in FY 2004.

Approximately \$3.39 million is available in Administrative Surcharges that can be used for water quality grants. In the past three years, \$125,000 of the Administrative Surcharge has been allotted to the Small Community Planning Grant Program. This year the department is proposing to allocate an additional \$75,000 of administrative surcharge toward this effort. This, coupled with the \$21,800 remaining from prior years, should be sufficient for FY 2004. Mr. Perkovich noted that the eligibility threshold for the population to receive this grant is currently 1,000, and the department proposes to raise that to 2,500. This will add 34 municipalities that could access the grant.

The department proposes to provide additional subsidies for planning studies that incorporate a rate analysis using the Rate Maker software.

Mr. Perkovich noted that the IUP will also include a discussion regarding retaining Public Financial Management (PFM) as a financial advisor and explaining the Administrative Surcharge will be used to reimburse PFM for services related to the lease/leaseback transaction.

Last year \$150,000 was allotted for planning grants to facilitate compliance with environmental permit regulations by livestock auction barns. Mr. Perkovich stated that four of those grants were awarded, but this year the department does not propose any additional funds for FY 2004. The department is proposing to allocate \$580,000 of the Administrative Surcharge to assist in the design of manure management systems for concentrated animal feeding operations (CAFOs). This grant will reimburse 60% of the design costs with the maximum grant amount for any project being \$12,000. This will supplement funds that are being provided by the Department of Agriculture, and the department estimates these funds should complete the designs for 43 CAFOs.

Projects must be listed on Attachment I, Project Priority List, to be eligible for an SRF loan. This list was developed using State Water Plan applications. There are 39 projects on the Project Priority List totaling \$15 million.

Attachment II, List of Projects to be Funded in FY 2004 shows those projects that are expected to apply for loans in the upcoming year.

Notice of the public hearing was published in accordance with applicable state and federal requirements. Mr. Perkovich noted that no written comments were submitted.

Chairman Greenfield requested public comments. No one from the public provided comments.

Motion by Jones, seconded by Rounds, to approve the Federal Fiscal Year 2004 Clean Water State Revolving Fund Intended Use Plan. Motion carried.

Drinking Water SRF IUP: Mr. Perkovich said it is anticipated that the amount of the 2004 Drinking Water SRF Program Capitalization Grant will be \$8,352,500, which requires \$1,670,500 in matching funds.

The Drinking Water SRF IUP discusses the transfer of Clean Water SRF funds to the Drinking Water SRF program. With the transfer about \$16.5 million will be available for the Drinking Water SRF program.

The department intends to allocate just over one half million dollars for set-aside activities. Mr. Perkovich explained that \$334,100 will go to the administration portion. This is the maximum amount allowed. The department also proposes to set aside \$167,050 for Small System Technical Assistance. It is staff's intention to have funds available for the Small Community Planning Grant Program and to support technical assistance activities performed by SD Rural Water Association.

Mr. Perkovich stated that the population threshold will be changed from 1,000 to 2,500 for small community planning grants. Additional money will be allowed for planning studies that incorporate the Rate Maker analysis.

The State Water Plan applications were used to develop the Project Priority List (Attachment 1). Projects must be included on this list in order to be eligible for a Drinking Water SRF loan. Project Priority List contains 41 projects totaling about \$41 million.

Mr. Perkovich noted that Attachment II is a list of projects to be funded in Fiscal Year 2004 and Attachment III is the program funding status. With all the repayments, the capitalization grant and the transfers, about \$17 million is expected to be available for Drinking Water SRF loans.

Notice of the hearing was published in accordance with applicable state and federal requirements. No written comments were submitted.

Chairman Greenfield requested public comments. No one from the public provided comments.

Motion by Johnson, seconded by Rounds, to approve the Federal Fiscal Year 2004 Drinking Water State Revolving Fund Intended Use Plan. Motion carried.

DRINKING WATER SRF SMALL SYSTEM SET-ASIDE CONTRACT: In 1997, the Board of Water and Natural Resources approved the establishment of the Small System Technical Assistance Set-Aside Program. The board authorized the department to solicit Requests for Proposal. At that time, the department received two proposals, one from the Planning Districts

and one from the SD Association of Rural Water Systems. Six contracts were awarded, one for each of the five planning districts and one to the SD Association of Rural Water Systems. All of those contracts have now expired.

Dave Ryan stated that staff recommended discontinuing the contracts with the planning districts. Staff contacted each of the planning districts regarding its recommendation. None of the planning districts have contacted the department to request additional time or funds.

Staff recommended that a new contract with SD Association of Rural Water Systems be approved for Small System Technical Assistance. Mr. Ryan requested permission from the board for the staff to negotiate a new contract for up to \$80,000. The contract would expire on December 31, 2004.

Motion by Jones, seconded by Rounds, to adopt Resolution # 2003-92 approving a Drinking Water SRF Set-Aside Contract for Small System Technical Assistance between the state and the South Dakota Association of Rural Water Systems in the amount not to exceed \$80,000, contingent upon EPA approving a work plan for those activities. Motion carried.

STATE WATER RESOURCES MANAGEMENT SYSTEM (SWRMS)

RECOMMENDATIONS: Mr. Feeney reported that annually the board makes recommendations to the Legislature and Governor regarding deletions, additions, and retention of projects on the SWRMS component of the State Water Plan. There are currently 14 projects on the SWRMS list. Staff recommended that the board adopt a resolution recommending to the Governor and Legislature that the existing projects remain on the SWRMS list.

The following projects are currently on the SWRMS list:

- Bad River Water Quality Project
- Big Sioux Flood Control Study
- Black Hills Hydrology and Water Management Study
- Brennan Reservoir
- CENDAK Irrigation Project
- Gregory County Pumped Storage Site
- James River Improvement Program
- Lake Andes-Wagner/Marty II Irrigation Unit
- Lewis & Clark Rural Water System
- Mni Wiconi Rural Water System
- Pick-Sloan Riverside Irrigation
- Sioux Falls Flood Control Project
- Slip-Up Creek
- Vermillion Basin Flood Control Project

Staff also recommended adding the Perkins County Rural Water System (RWS) to the SWRMS list. The Perkins County RWS was placed on the SWRMS list in 1993 and was removed in 2000 after the original state cost share commitment of \$1,000,000 was appropriated for the project. Additionally, staff recommended that the state cost share commitment to Perkins County Rural

Water System as provided in SDCL 46A-1-94 be amended to provide up to \$2,500,000 of grant and \$4,500,000 of loan assistance to provide the required nonfederal cost share for the project.

The Perkins County RWS submitted a State Water Plan application indicating the need for additional state grant and loan funding.

Paul Adcock, Manager of the Perkins County RWS, discussed the project and proposed financing for the project. He introduced the rural water system board members and legal counsel who were present at the meeting.

Motion by Greenfield, seconded by Jones, to adopt Resolution #2003-93 recommending to the Governor and State Legislature that all water resources projects currently on the State Water Resources Management System be retained as preferred, priority objectives of the state, that the Perkins County Rural Water System be added to the State Water Resources Management System and be identified as a preferred, priority objective of the state, and that the state cost share commitment to the Perkins County Rural Water System as provided in SDCL 46A-1-94 be amended to provide up to \$2,500,000 of grant and \$4,500,000 of loan assistance to provide the required nonfederal cost share for the project. Motion carried.

WATER AND ENVIRONMENT FUND FUNDING RECOMMENDATIONS: Jim Feeney stated that the board conducts this public meeting annually to receive statements from interested parties regarding water development funding needs. A board resolution is developed to make recommendations to the Governor and State Legislature on funding levels for individual SWRMS projects, the consolidated program, the solid waste management program, and any other special appropriations from the Water and Environment Fund. The board's recommendations provide a basis for the Governor's preparation and the Legislature's consideration of the annual Omnibus Funding bill.

Mr. Feeney discussed dedicated water funding revenues. He stated that about \$8,625,000 is available in dedicated water funding and \$1,690,000 is available for solid waste projects.

Mr. Feeney presented the SWRMS projects' identified funding needs.

The city of Watertown submitted a request for a \$300,000 grant for the Big Sioux Flood Control Study. The city has since withdrawn this request because the project was turned over to the U.S. Army Corps of Engineers.

The Lewis and Clark Rural Water System requested a \$2,500,000 grant for construction of the rural water system. The department recommended support of a \$2,500,000 grant.

The Perkins County Rural Water System requested a \$500,000 grant and a \$1,000,000 loan for construction of the rural water system. The department recommended support of a \$1,250,000 loan.

The James River Restoration Project requested a \$250,000 grant to assist with the nonfederal match on the Corps of Engineers' EIS study. The department recommended support of a \$250,000 grant.

The department recommended support of a \$100,000 grant for the Black Hills Hydrology and Water Management Study. The grant would be used for water management studies on a regional basis.

The identified SWRMS funding needs total \$4,100,000.

The department recommended \$4,500,000 for the Consolidated Water Facilities Construction Program, \$800,000 for the Solid Waste Management Program, \$800,000 for the construction, enlargement, or upgrade of regional landfills which would include up to \$100,000 for the statewide cleanup of waste tires and solid waste, \$655,000 for Clean Water SRF Subfund expenditure authority, and \$160,000 for Drinking Water SRF Subfund expenditure authority.

Troy Larson, Executive Director of the Lewis & Clark Rural Water System; Darrell Raschke, Manager of the James River Water Development District; Paul Adcock, Manager of the Perkins County Rural Water System; and Herb Bloomquist, city of Watertown discussed their projects and projected funding needs.

Motion by Johnson, seconded by Jones, to adopt Resolution #2003-94 recommending to the Governor and State Legislature fiscal year 2005 expenditure authorization levels of \$4,500,000 for the Consolidated Water Facilities Construction Program, \$800,000 for the construction, enlargement, or upgrade of regional landfills, and \$800,000 for the Solid Waste Management Program, and FY 2005 line-item expenditure authorization levels for the following projects on the State Water Resources Management System: Black Hills Hydrology and Water Management Study - \$100,000, James River Restoration Project - \$250,000, Lewis & Clark Rural Water System - \$2,500,000, and Perkins County Rural Water System - \$1,250,000 (loan). Motion carried.

Gene Jones left the meeting and Don Bollweg joined the meeting telephonically.

2002 ANNUAL REPORT AND 2003 STATE WATER PLAN: David Ryan presented the 2003 Annual Report and 2004 State Water Plan.

In accordance with South Dakota Codified Law, the Board of Water and Natural Resources is required to present the Annual Report and State Water Plan to the State Legislature and the Governor by the first day of the legislative session.

The Annual Report provides a brief description of activities undertaken in 2003 and includes tables detailing funding awards approved by the board throughout the year. The State Water Plan identifies the projects approved for placement on the 2004 State Water Facilities Plan and provides information on State Water Resources Management System projects. The board's recommendation for State Water Resources Management System designation and a Water and Environment Fund Special Condition Statement are provided as appendices to the report.

Motion by Rounds, seconded by Johnson, to approve the 2003 Annual Report and 2004 State Water Plan. A roll call vote was taken, and the motion carried.

FFY 2003 ANNUAL REPORTS FOR DRINKING WATER AND CLEAN WATER SRF

PROGRAMS: Elayne Lande presented the federal fiscal year 2003 Drinking Water and Clean Water SRF annual reports.

The South Dakota Conservancy District is required to submit annual reports to EPA for both the Drinking Water and Clean Water SRF programs. These reports are also presented to the Legislative Interim Bonding Committee. The annual reports follow the same format as previous years and discuss activities from October 1, 2002 to September 30, 2003.

Ms. Lande reviewed the reports and pointed out changes that had been made.

Motion by Johnson, seconded by Rounds, to approve the federal fiscal year 2003 Drinking Water SRF annual report, and to authorize staff to continue with distribution of the report. A roll call vote was taken, and the motion carried.

Motion by Rounds, seconded by Johnson, to approve the federal fiscal year 2003 Clean Water SRF annual report, and to authorize staff to continue with distribution of the report. A roll call vote was taken, and the motion carried.

TRUSTEE CONTRACT: Dave Ruhnke reported that the contract with the First National Bank in Sioux Falls to serve as trustee for the SRF programs terminates as of December 31, 2003. The First National Bank in Sioux Falls has served as trustee since the inception of the SRF program. The current amount of the Drinking Water SRF trustee contract is not to exceed \$21,250 and the Clean Water SRF trustee contract is not to exceed \$53,875 in 2003.

Mr. Ruhnke requested that the board authorize staff to negotiate a contract with the First National Bank in Sioux Falls for trustee services for 2004 and 2005.

Motion by Johnson, seconded by Bollweg, to authorize staff to negotiate a contract with the First National Bank in Sioux Falls for trustee services for 2004 and 2005. A roll call vote was taken, and the motion carried.

COMPOST FEE INFORMATION: At its September 2003 meeting, Chairman Greenfield requested information on the fees on compost. David Ryan stated that he contacted Brad Bervin with the Department of Agriculture. The department oversees the license and distribution of commercial fertilizer and soil amendments. Yard waste compost from landfills can be categorized as either a commercial fertilizer or as soil amendments. All material that is taken off-site, if registered, must pay a fee.

The license fee for commercial fertilizer is \$25.00 every two years, inspection fee of up to \$0.25 per ton, which is currently assessed at \$0.10 per ton, and annual analysis for total nitrogen, available phosphoric acid and soluble potash required. An annual report must be submitted to the Department of Agriculture.

The license fee for soil amendment is \$25.00 every two years with an inspection fee of \$0.20 per ton. An annual report must be submitted to the Department of Agriculture.

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Mr. Ryan noted that he had also contacted the cities of Pierre and Brookings regarding these fees. These cities both currently pay these fees.

The city of Pierre registers compost as commercial fertilizer and pays the license fee, inspection fee, and material analysis from their landfill revenues. Last year the city of Pierre paid \$31.45 for the inspection fee and \$45.00 for the analysis. The city provides compost to the public and other city departments for free, but it is not screened. Plans to use Huron's screen may alter this arrangement in the future.

The city of Brookings has registered compost for several years. Some years it is registered as commercial fertilizer and some years it is registered as soil amendment. Last year the city of Brookings paid \$100 to \$150 for the inspection fee. The analysis was done at SDSU for less than \$40.00.


Mr. Ryan noted that the city of Brookings indicated that the biggest challenge with the registration program is not the fees, but the paperwork and related issues with the Department of Agriculture.

NEXT BOARD MEETING: The next meeting is January 8-9, 2004.

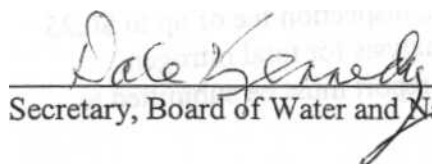
ADJOURN: Chairman Greenfield declared the meeting adjourned.

Approved this 8th day of January, 2004.

(SEAL)


Chairman, Board of Water and Natural Resources

ATTEST:


Secretary, Board of Water and Natural Resources

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 11-14-03

LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
Terry L Haggart	Bison, S.D.	Perkins County Rural H&O
Wade Henderson	Lodgepole, SD	Perkins County Rural Water
Lynn C. Frey	Lemmon, SD	Perkins County Rural Water
David Bruay	Prairie City, SD	Perkins County Rural Water
H. Paul Adcock	Bison SD	Perkins Co RWS
Dale Hargens	Miller SD	State Rep - Dist 22
Herb Blomqvist	Watertown, SD	City of Watertown
Danille Raschke	Huron	Huron
Jay Gilbertson	Brookings	East Dakota WDD
Elayne Lande	Pierre	DENR
David Ryan	Pierre	DENR
Gary Grendahl	St	SOBWR
David Ruhuke	Pierre	DENR
Bob Mercer	Pierre	Newspapers
Mike Terkovich	Pierre	DENR
Dave Teuplet	Pierre	DENR
Troy Larson	Moreau, SD	LCRAWS
Jason Knapp	Pierre	DENR
Eric Bogue	Fairfax	PCRWS / Dist. 28
Gayleyn Lowe	Pierre	DENR
Beck Vallery	Pierre	SD Wheat

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 11-14-03

LOCATION Matthew Training Center

Name (PLEASE PRINT)

Address

Representing

Bill Lass

~~State~~ Rapid City

B.H. Council of Gov't's.

Theodore L Vore

Rapid City

City of Rapid City

John Wagner

City of Rapid City

Water Division

STACEY TITUS

CITY OF RAPID CITY

ENGINEERING DIVISION

Bob Wilcox

St. Pierre

S.D.S.W.M.A.